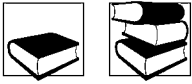


# Important Changes for 2024

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## Due Date of Return

The due date for filing individual income tax returns is April 15, 2025.

## Tax Form and Publication Changes

- Form 1040, U.S. Individual Income Tax Return, includes a checkbox and entry field in the Filing Status section that allows taxpayers to elect to treat a nonresident alien spouse or dual-status alien spouse as a resident. A checkbox was added on line 6c. Taxpayers who elect to use the lump-sum election method for their retroactive payment of Social Security benefits will check this box.
- Schedule 1 (Form 1040), Additional Income and Adjustments to Income, includes an entry field for taxpayers who had amounts reported on a Form 1099-K in error or for personal items sold at a loss.
- Form W-2, Wage and Tax Statement, includes a new Box 12 code II for Medicaid waiver payments excluded from income under Notice 2014-7.
- Taxpayers will receive Form 1099-K, Payment Card and Third Party Network Transactions, when reportable proceeds exceed \$5,000 for 2024, although they may receive the form at a lower amount. This threshold applies to third party settlement organizations. Taxpayers are required to report all taxable income on their federal income tax return, regardless of amount or if an income reporting document is received.
- Publication 1244, Employee's Daily Record of Tips and Report of Tips to Employer, is obsolete. Publication 531, Reporting Tip Income, will no longer be updated annually. It is changed to continuous use.
- Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts, adds two new codes for the exceptions to the additional tax on early distributions on eligible distributions to a domestic abuse victim and emergency personal expense distributions, effective for distributions made after 12/31/2023.
- Form 8888, Allocation of Refund, is now only used to split a direct deposit refund between 2 or more accounts or to split a refund between a direct deposit and a paper check. The program allowing for depositing refunds into a TreasuryDirect® account to buy savings bonds, as well as the ability to buy paper bonds with refunds, has been discontinued.

## Tax Law Changes

Refer to the respective lessons for details.

- What provisions are new?
  - Waiver of the 10% additional tax on early distributions for emergency personal expense distribution of as much as \$1,000 beginning in 2024. The distribution may be repaid within three years from the date of distribution.
  - Qualified Tuition Program (QTP) rollovers can be made to fund Roth IRAs beginning in 2024, subject to limitations. See Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), for details.
  - Beginning in 2024, domestic abuse victims may distribute the lesser of \$10,000 or 50% of accrued benefit from an eligible retirement plan without the 10% early distribution penalty (specific definitions and timing apply, see Publication 575). The distribution may be repaid within three years from the date of distribution.

## Personal Exemption Amount

The deduction for all personal exemptions is suspended (reduced to zero), effective for tax years 2018 through 2025. For 2024, the gross income limitation for a qualifying relative is \$5,050 (\$350 increase).

## Certain Expenses of Elementary and Secondary School Teachers

The amount of the deduction allowed that consists of expenses paid or incurred by an eligible educator for use in the classroom is \$300 (no change).

## Standard Deduction

The standard deduction for taxpayers who do not itemize deductions on Schedule A (Form 1040) has increased. The standard deduction amounts for 2024 are:

- \$29,200 – Married Filing Jointly or Qualifying Surviving Spouse (increase of \$1,500)
- \$21,900 – Head of Household (increase of \$1,100)
- \$14,600 – Single or Married Filing Separately (increase of \$750)

## *Taxpayers who are 65 and Older or are Blind*

For 2024, the additional standard deduction amounts for taxpayers who are 65 and older or blind are:

- \$1,950 for Single or Head of Household (increase of \$100)
- \$1,550 for married taxpayers or Qualifying Surviving Spouse (increase of \$50)

## *Dependents*

For 2024, the standard deduction amount for an individual who may be claimed as a dependent by another taxpayer cannot exceed the greater of (1) \$1,300, or (2) the sum of \$450 and the individual's earned income.

## Kiddie Tax

To be subject to the kiddie tax, the individual must have unearned income of at least \$2,600 in 2024.

## Standard Mileage Rate

For 2024, the following rates are in effect:

- 67 cents per mile for business miles driven
- 21 cents per mile driven for medical or moving purposes
- 14 cents per mile driven in service of charitable organizations

The standard mileage rate for business cannot be used to claim an itemized deduction for unreimbursed employee travel expenses during the suspension of miscellaneous itemized deductions that are subject to the 2% of AGI floor.

The moving expense deduction is not allowed through 2025 and the exclusion from income of moving expense reimbursements from an employer is also suspended. The only exception is for active military service members who move pursuant to a military order to a new permanent duty station.

## Deduction for Qualified Business Income

For 2024, the threshold amount is \$383,900 for married filing joint returns and \$191,950 for all other returns.

## **Retirement Savings Contribution Credit**

To claim this credit in 2024, the taxpayer's modified adjusted gross income (MAGI) must not be more than \$38,250 for Single, Married Filing Separately, or Qualifying Surviving Spouse (increase of \$1,750). MAGI must not be more than \$57,375 (increase of \$2,625) for Head of Household, and \$76,500 (increase of \$3,500) for Married Filing Jointly.

## **Earned Income Credit (EIC)**

For 2024, the maximum credit increased to:

- \$7,830 with three or more children
- \$6,960 with two children
- \$4,213 with one child
- \$632 with no children

## ***Earned Income and AGI Amounts Increased***

To be eligible for a full or partial credit, the taxpayer must have earned income and AGI of at least \$1 but less than:

- \$59,899 (\$66,819 if Married Filing Jointly) with three or more qualifying children
- \$55,768 (\$62,688 if Married Filing Jointly) with two qualifying children
- \$49,084 (\$56,004 if Married Filing Jointly) with one qualifying child
- \$18,591 (\$25,511 if Married Filing Jointly) with no qualifying child

## ***Investment Income***

Taxpayers whose investment income is more than \$11,600 cannot claim the EIC.

## **Child Tax Credit/Additional Child Tax Credit**

The refundable amount of the credit is \$1,700.

## **Student loan interest deduction**

Begins to phase out for taxpayers with MAGI more than \$80,000 (\$165,000 for joint returns) and is completely phased out for taxpayers with MAGI of \$95,000 or more (\$195,000 or more for joint returns).

## **Qualified Charitable Distributions**

For 2024, the maximum amount of qualified charitable distributions that are not includible in gross income is \$105,000 (an increase of \$5,000). The maximum amount applies to each spouse if filing jointly.

## **Eligible Long-Term Care Premium Limits**

For 2024, the maximum amount of qualified long-term care premiums includible as medical expenses has increased. Qualified long-term care premiums up to the amounts shown below can be included as medical expenses on Schedule A (Form 1040), Itemized Deductions, or in calculating the self-employed health insurance deduction is:

- Age 40 or under: \$470
- Age 41 to 50: \$880
- Age 51 to 60: \$1,760
- Age 61 to 70: \$4,710
- Age 71 and over: \$5,880



*The limit on premiums is for each person.*

For calendar year 2024, gross income includes the amount received under a long-term care policy in excess of the per-diem amount of \$410 (a decrease of \$10) or the actual cost of long-term care services, if more.

## Foreign Earned Income Exclusion

For 2024, the maximum foreign earned income exclusion is \$126,500.

## IRA Deduction Amount and Modified AGI (MAGI) Limits for Traditional and Roth IRA Contributions

For 2024, the maximum combined traditional IRA deduction or Roth contribution is \$7,000 (\$8,000 if age 50 or older). For taxpayers who are covered by a retirement plan at work, the deduction for contributions to a traditional IRA is reduced (phased out) if the MAGI is:

- More than \$123,000 but less than \$143,000 for a married couple filing a joint return or a qualifying surviving spouse
- More than \$77,000 but less than \$87,000 for an individual filing as single, head of household, or married filing separately and did not live with the spouse at any time during 2024
- Less than \$10,000 for a married individual filing a separate return who lived with the spouse at any time during 2024

For an IRA contributor who is not covered by a workplace retirement plan and is married to someone who is covered (and the spouses live together or file a joint return), the deduction is phased out if the couple's MAGI is between \$230,000 and \$240,000.

For 2024, maximum Roth IRA contributions phase out based on MAGI as follows:

- Married filing jointly or qualifying surviving spouse with MAGI between \$230,000 and \$240,000
- Single, head of household, or married filing separately and didn't live with the spouse at any time in 2024 with MAGI between \$146,000 and \$161,000
- Married filing separately, lived with the spouse at any time during the year, and MAGI is between \$0 and \$10,000

## Premium Tax Credit

- Advance Premium Tax Credit (APTC) repayment caps for 2024 are:

Income (as % of federal poverty line)	Taxpayers filing as Single	Taxpayers using other filing statuses
Less than 200%	\$375	\$750
At least 200% but less than 300%	\$950	\$1,900
At least 300% but less than 400%	\$1,575	\$3,150
400% and above	No cap (full repayment)	No cap (full repayment)

- Filing thresholds and federal poverty line tables are adjusted for inflation.
- Through 2025 taxpayers with household income that exceeds 400 percent of the federal poverty line for their family size may be allowed a premium tax credit (PTC).

## Health Savings Account (HSA) Deduction

For 2024, the annual contribution limits on deductions for HSAs for individuals with self-only coverage is \$4,150 (increase of \$300) and \$8,300 for family coverage (increase of \$550). There is an additional contribution amount of \$1,000 for taxpayers who are age 55 or older.



*Congress may enact additional legislation that will affect taxpayers after this publication goes to print. Any changes will be reflected in Publication 4491-X, VITA/TCE Training Supplement, available in mid- January on [www.irs.gov](http://www.irs.gov).*